pany, which will buy and sell between states? The author finds that this power undoubtedly resides in Congress, since, in the words of Chief-Justice Marshall: "Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited, but consist with the letter and spirit of the Constitution, are constitutional."

But can Congress also charter companies to engage in interstate commerce, and allow these companies the privileges of intra-state trade? Here again the author answers affirmatively. In so far as local state trade is necessary in order to carry on the general business of the company, it would have the desired privilege, following the decision in Osborn *vs.* the Bank. Necessarily this local business would be subject to the control of the state in which it was situated.

Could Congress also confer the right to produce or manufacture? Here the author disagrees with Mr. Garfield, whose well-known report, as commissioner of corporations, contended for the power. Mr. Heisler finds that the sharp distinction which our supreme court has made in Kidd *vs.* Pearson and U. S. *vs.* E. C. Knight, between manufactures and commerce, would utterly preclude the possibility of a federal charter with manufacturing power. But there is no constitutional objection to a federal corporation engaging in manufacturing if the states allow it to do so. On this point the author's view is less convincing.

In addition to these interesting problems, the author takes up the question of state powers over interstate companies chartered by the federal government, and the jurisdiction of the federal courts over suits involving federal corporations. The work is well balanced and should prove of value to the general student as well as the legal practitioner.

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HIGGINS, A. PEARCE. *War and the Private Citizen.* Pp. xvi, 200. Price, 5 shillings. London: P. S. King and Son, 1912.

This is another of those admirable English books clearly written for the general reader, yet full of instruction for all students of international law and naval warfare.

The results of the discussion of the introductory chapter are well given in the following words (pp. 64–65): "But when all these ameliorations are taken into consideration it remains evident that both in naval and land warfare the private citizen is still subject to great dangers and losses. Forced labor may be requisitioned, private property of every description can be commandiered for the use of the invading army, foodstuffs of all sorts compulsorily purchased, and several of the most powerful military states still insist on retaining the right—one of the most objectionable of the usages of war—of forcing non-combatant individuals to act as guides to the army of invasion."

Passing to a consideration of some of the more important of the disputed points in naval warfare, Dr. Higgins discusses the liability to seizure of hospital ships for the carriage of passengers and crews of destroyed prizes.

In the Russo-Japanese war this was one of the grounds for condemning the *Aryol.* This question is closely related to that of the destruction of prizes and the provision to be made for passengers and crew. It is natural to find a British authority denying to hospital ships the right to take over passengers and crews, for Great Britain can easily discharge those on her ships at one of her ports. Other navies without such facilities may find the sinking of prizes very embarrassing. It is hardly probable that the other nations will allow Great Britain's peculiarly advantageous position to interfere with a humanitarian solution.

As regards the treatment to be accorded ships chartered by newspaper correspondents, the conclusion is reached (p. 107) that the "exclusion of newspaper steamers from a given zone of sea or their admission under strict belligerent censorship is to be preferred" to any other solution.

The conversion of merchant ships into war ships is regarded as "part of a wider topic, namely the legitimate combatants in the prosecution of war at sea," and the definition of privateering is closely examined. As the author states (p. 159) "the failure to reach agreement [at the London conference] on the subject of the place of conversion of merchantships was caused by the refusal of states to accept a compromise on a question of policy which they believed themselves able to carry out in case they were belligerents, and which they considered of too great value to permit of compromise." The situation is pregnant with danger, for where the conversion is not recognized as legal, Great Britain scarcely veils her threat to treat the crew under certain circumstances as pirates. "If," concludes the author (p. 165), "the official and professional combatants are to treat non-combatant persons with leniency, and carry out the principle of sparing unarmed enemy subjects in person, property and honor as much as the exigencies of war allow, there must be no hazy line of demarcation between combatant and non-combatant."

A discussion of neutrals and closed trade brings this remarkable little book to a close. To follow the very able and fair-minded presentation, logic would seem to favor subjecting a neutral engaged in this trade to seizure for unneutral service, but before we suffer ourselves to be convinced, we must dig still deeper and consider the question from every aspect. Does it seem reasonable that two nations, because they have different régimes as to coasting and colonial trade in time of peace, should find themselves upon a different and unequal footing when it comes to a death struggle between them? Is it sufficient to reply that this eventuality could and should have been foreseen? When a state no longer has control of a port in the hands of insurgents, it cannot close the port to foreign trade by proclamation, but must rely upon a *de facto* blockade. Why then, when it may have lost *de facto* control of trade between its outlying possessions, should a regulation made for a condition of peace put it at a disadvantage with a combatant who has made no such regulation? Are not blockades and the other recognized restrictions of trade with the belligerent sufficient? Powerful neutrals are likely to find some means to secure a lucrative coasting and colonial trade held open to them. The restrictions on coasting and colonial trade are always regarded with jealousy by other nations and would be soon removed if the enforcing

nations should lose the strength to maintain them. When war breaks out, they would be continued if possible, but when the circumstances of the conflict render this impossible, neutral nations regain commerce previously withheld. True, the cession may be by decree as though freely granted, but in point of fact it is a pill the harassed belligerent has to swallow.

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HOBSON, JOHN A. *Gold, Prices and Wages.* Pp. xiii, 181. Price, $1.25. New York: George H. Doran Company, 1913.

With the exception of Professor Fisher's *The Purchasing Power of Money* there have been few important contributions to the theory of money for several years. Mr. Hobson has, however, presented in this volume a vigorous and stimulating explanation of the relation between money and prices. Instead of the usual elaboration of the quantity theory, a new explanation is advanced and the traditional view is vigorously attacked.

The author takes direct issue with the quantity theorists. If their explanation is anything more than the mere truism that "a price expresses the ratio between the quantity of money paid for goods and the quantity of goods sold," it is incorrect. "The normal direct source of money at any time is payments for goods," and "the supply of money, the aggregate of purchasing power expended upon the supply of goods during any given year," consists of (1) the gross receipts from the payments or purchases made during the year, (2) the additional gold or notes issued as currency during the year, and (3) the additional credit issued as loans, discounts or other advances by banks.

An acceleration in the supply that comes as income from the sale of goods cannot be attended by a rise in prices, because it implies an increase in the quantity of goods equivalent to the increase of money. Hence the rise of prices during recent years is to be explained by an increase of gold or of credit.

Both have contributed, but the increased output of gold is relatively small and would at the most influence prices less than one-tenth per cent per annum. The increase in credit, however, has been very great and has been due to an enlarged demand for capital to be used for development purposes. This demand has raised the rate of discount charged by the banks and has caused them to scramble for the new supplies of gold. This is the converse of the usual explanation that increased supplies of gold have increased the lending power of the banks and explains the rising rate of discount as the current view does not. In other words, "the supply of gold has been inadequate to keep down the price of money." The growth in bank credit has been made possible by the great increase of collateral in the form of stocks and bonds.

This vast increase in the supply of money has been accompanied by a retardation (not an actual decrease) in the supply of consumption goods. An increasing proportion of money is expended upon fixed investments, luxuries, wasteful processes of competition, etc. The investments in capital goods may ultimately be so productive that the increased supply of goods will lower their prices but temporarily labor and capital are withdrawn from the field of consumption goods and hence their production is retarded.